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February 3, 2000

BY MESSENGER

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
The Portals, TW-A325
445 Twelfth Street, S.W.
Washington, D.C. 20554.

Re: Notice of Ex Parte Presentation:
IB Docket No. 98-172, RM-9005, RM-9118

Dear Ms. Salas:

Pursuant to Section 1.1206(b) of the Commission's rules, Hughes Network Systems ("Hughes") hereby submit this notice of an ex parte presentation.

Yesterday, Michael Cook of Hughes Network Systems and I met with Ari Fitzgerald, Legal Advisor to Chairman Kennard, and discussed matters raised in Hughes's Comments and Reply Comments filed in the above-referenced proceeding. In addition, Hughes distributed the enclosed materials.

In the event there are any questions concerning this notification, please feel free to contact me at 202/637-2132.

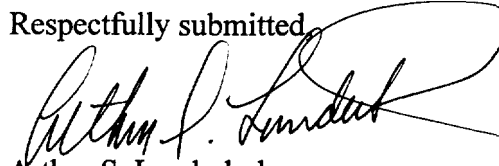
A copy of this Notice of Ex Parte Presentation has been provided to Mr. Fitzgerald. An original and one copy are enclosed.

No. of Copies rec'd 012
List A B C D E

LATHAM & WATKINS

Federal Communications Commission
February 3, 2000
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Respectfully submitted,

A handwritten signature in black ink, appearing to read "Arthur S. Landerholm". The signature is fluid and cursive, with a large loop at the end.

Arthur S. Landerholm
of LATHAM & WATKINS

cc: Ari Q. Fitzgerald



February 2000



Purpose of meeting



- **Problem:** The FCC is about to vote on an Order that will have a negative effect on the Hughes SPACEWAY system
- Hughes has consistently stated that a full 1 GHz downlink is necessary for the SPACEWAY system
- However, the impact of the Proposal under consideration:
 - precludes use of necessary bandwidth
 - requires a redesign of the SPACEWAY system architecture
 - is fundamentally inconsistent with the 28 GHz band plan compromise in 1996 that Hughes faithfully has relied upon and in the SPACEWAY license of 1997

Hughes Network Systems (HNS)



-
- **HNS is a Hughes Electronics Corporation company**
 - **World leader in satellite products and network systems for more than 25 years**
 - **Holds 55% of the global VSAT market**
 - **Manufacturer and provider of DIRECTV digital satellite systems and services**
 - **Provider of the DirecPC broadband satellite Internet service - in the US and abroad**
 - **Annual revenues in excess of \$1.3 billion in 1999**
 - **Headquartered in Germantown, Md., with worldwide offices**

What is the SPACEWAY Satellite System?



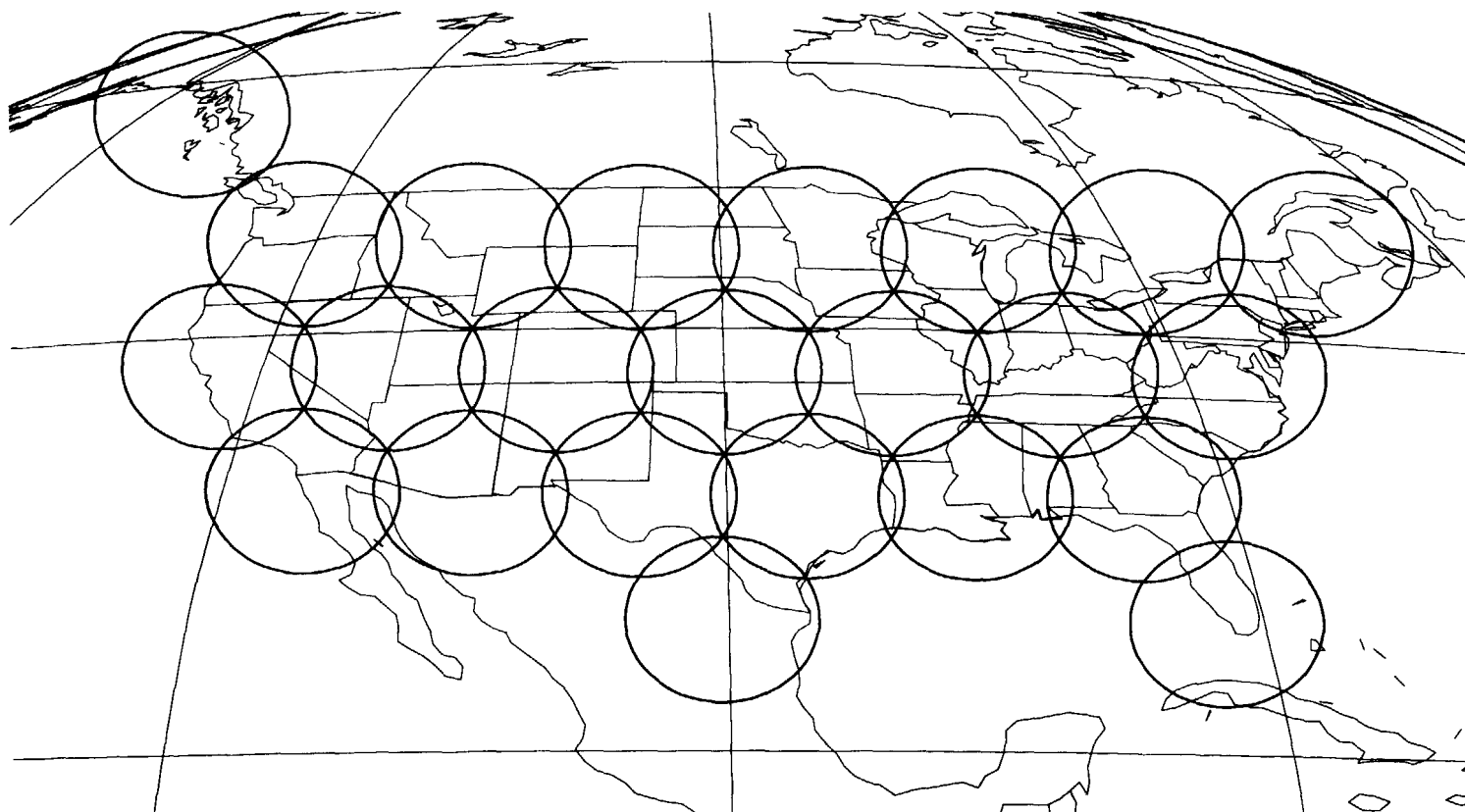
- Hughes has already committed \$1.4 billion to first phase North American SPACEWAY system
- SPACEWAY is integral to \$1.5 billion corporate endeavor with AOL
- Broadband competition to terrestrial telecom providers (cable, DSL, fiber)
 - we are different from today's satellite services
- Ubiquitous service to all of the US with the launch of a single satellite
- Indiscriminately serves all: rural/urban/suburban, tribal, business/home
- To be viable as a business, must be cost competitive with terrestrial alternatives

What SPACEWAY needs and why



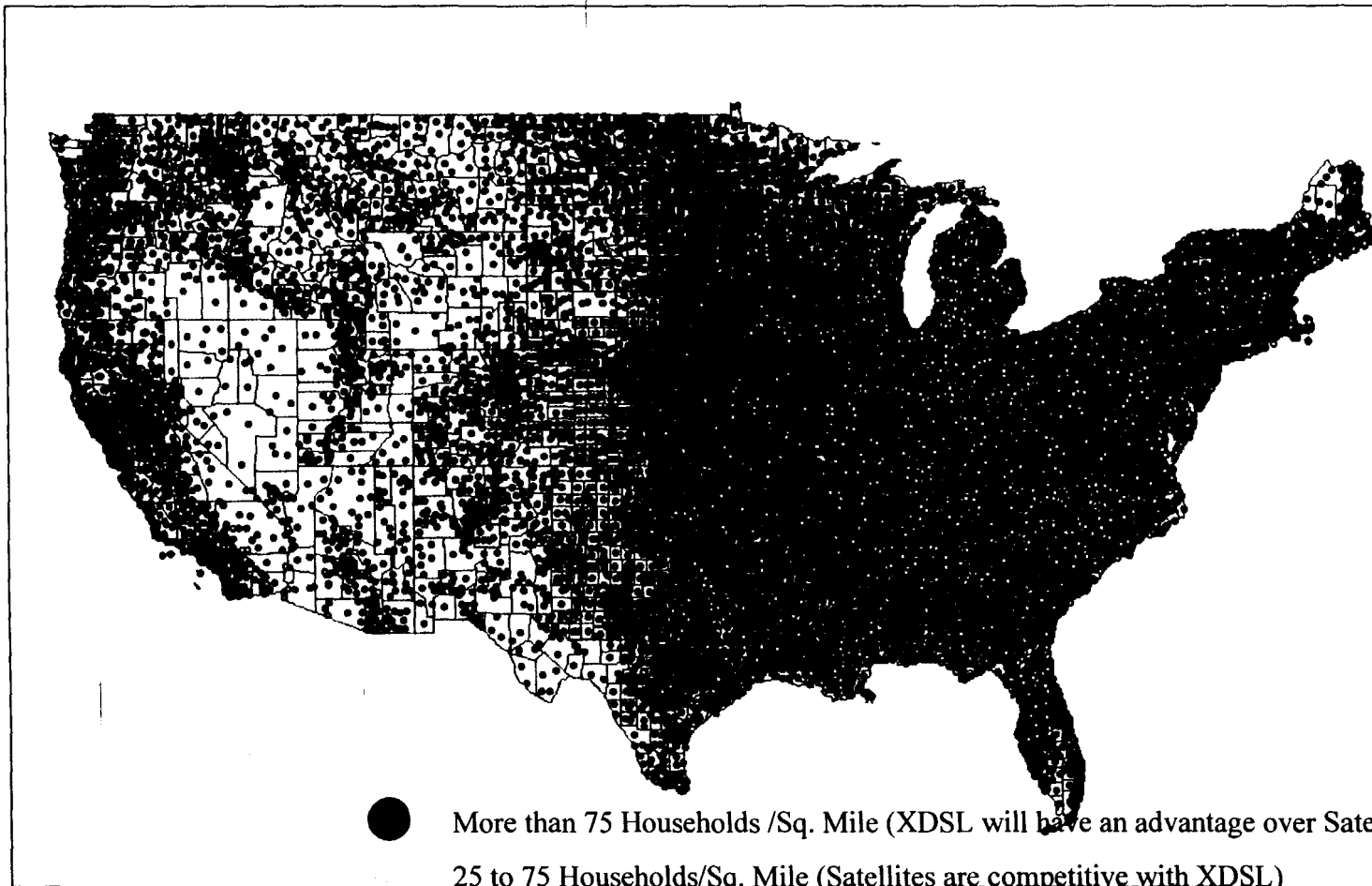
-
- SPACEWAY needs “real” access to 1 GHz of *downlink* spectrum at 18 GHz
 - Why?
 - To have sufficient capacity to compete with broadband terrestrial alternatives
 - ♦ on price
 - ♦ on access and call availability (no busy signals)
 - ♦ SPACEWAY has coverage to deliver service to everyone, regardless of location
 - To provide the maximum number of consumers access to the SPACEWAY broadband service
 - To universally serve both rural and urban areas competitively
 - ♦ Unlike terrestrial providers, SPACEWAY does not “cream-skim”

GSO FSS Provide Better Coverage to USA than Terrestrial Technologies



SPACEWAY US
coverage for 24 beams

GSO FSS Provide Better Coverage to USA than Terrestrial Technologies



- More than 75 Households/Sq. Mile (XDSL will have an advantage over Satellites)
- 25 to 75 Households/Sq. Mile (Satellites are competitive with XDSL)
- Less than 25 households/Sq. Mile (Satellites have an advantage over XDSL)

HUGHES
NETWORK SYSTEMS

Source: Claritas Data base & MapInfo 1998 Population

February 2000

Impact of the Commission's 18 GHz proposal on SPACEWAY



- Under NPRM proposal for 750 MHz, SPACEWAY would have to reconstruct business and technology approach
- Under new proposal for 720 MHz, GSO FSS gets disproportionately less usable bandwidth
 - Proposed limitations on other 280 MHz render that spectrum unusable for SPACEWAY-like systems
 - ♦ “Gateway” limitations are fundamentally inconsistent with trends in technology and regulatory flexibility
 - Terrestrial use of *any part* of a 125 MHz channel impedes use for ubiquitous satellite terminals
 - Would require further system redesigns that will cause cost increases and system delay

Impact of the Commission's 18 GHz proposal on SPACEWAY



- GSO FSS access to only 750 MHz means:
 - Lower system capacity
 - Reduced call availability
 - Reduced data throughput
 - Reduced number of consumers having access
 - Reduced ability to provide universal service
 - Higher requirement to focus on business and high-end users
 - Greater difficulty in competing with terrestrial service providers on price

Why the Commission proposal is unbalanced and backtracks



- **Either proposal is inconsistent with 28 GHz band plan compromise among GSO FSS (uplink), MSS feeder links and NGSO FSS**
 - **GSO FSS assigned 1 GHz, NGSO FSS assigned 500 MHz, MSS feeder links assigned 400 MHz**
- **GSO FSS need 1 GHz of usable 18 GHz downlink bandwidth to “pair” with its 1 GHz of uplink bandwidth at 28 GHz**
- **Other participants in the 28 GHz compromise are being fully accommodated at 18 GHz**
 - **MSS feeder links get 400 MHz**
 - **NGSO FSS gets 500 MHz**

What the Commission should do instead



- Reaffirm its commitment to provide 1 GHz of downlink spectrum for use by small GSO FSS antennas and designate 18.3 - 18.8 GHz for such use
 - Require terrestrial users to transition to digital technology and use available compression techniques;
 - ♦ Increases the number of terrestrial channels, yet using a smaller amount of spectrum
 - Remove limits on use of frequency bands that offer alternative homes for 18 GHz terrestrial users
 - ♦ such as, 12 GHz and 23 GHz
- Relax power limit on downlink transmissions at 18.6 - 18.8 GHz

What the Commission should do instead



- If 1 GHz for GSO FSS cannot be fully accommodated, all industries should bear part of the “pain”
 - Terrestrial, MSS, NGSO FSS should be cut back as well
 - Terrestrial/GSO FSS sharing plan must be balanced and must reflect marketplace realities
 - Must allow GSO FSS to use small dishes throughout primary and co-primary spectrum
 - Must permit dishes in urban/suburban areas wherever they can be coordinated
 - ♦ Otherwise, real competition will not exist with terrestrial wireless alternatives
 - Must not limit the number of user terminals in shared spectrum